

Vanguard® Small-Cap Value Index Fund

Investment Approach

Seeks to track the performance of the CRSP US Small Cap Value Index.

Small-cap value equity.

Passively managed, full-replication approach.

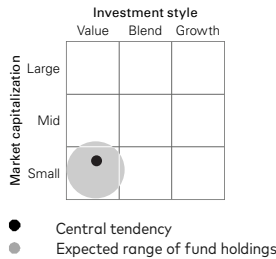
Fund remains fully invested.

Low expenses minimize net tracking error.

Note: The Investor Shares are closed to new investors.

Vanguard Style View: Small Value

Index portfolio of small-capitalization value stocks.



Quarterly Commentary

Major stock markets continued to advance in the first quarter of 2024, with a number of indexes reaching record highs. In the U.S., inflation readings came in higher than expected, but the labor market stayed on a solid footing, consumer spending remained strong, and the economy showed continued vigor. Given this backdrop, the Federal Reserve left interest rates unchanged.

Global stocks returned just shy of 8% for the quarter, as measured by the FTSE Global All Cap Index. U.S. equities led the way, while those in emerging markets lagged but still finished in positive territory.

With rate cuts looking less imminent, bond yields generally rose and prices declined. The broad U.S. investment-grade bond market returned -0.72% (as measured by the Bloomberg U.S. Aggregate Float Adjusted Index).

The CRSP US Small Cap Value Index returned 7.14% for the quarter ended March 31. The index's growth counterpart, the CRSP US Small Cap Growth Index, returned 7.98%.

Industrials (+12.6%) was the leading contributor to performance, followed by consumer discretionary (+7.8%) and financials (+4.4%). Real estate (-1.1%) and telecommunications (-1.1%) detracted.

For the 12-month period ended March 31, 2024, the CRSP US Small Cap Value Index returned 23.43%. Industrials (+36.2%), financials (+27.2%), and consumer discretionary (+21.1%) were the top contributors, while utilities (-0.8%) and telecommunications (-5.6%) detracted from performance.

People and Process

Vanguard Small-Cap Value Index Fund seeks to track the investment performance of the CRSP US Small Cap Value Index, an unmanaged benchmark representing value stocks of small U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. The experience and stability of Vanguard's Equity Index Group have permitted continuous refinement of techniques for reducing tracking error. The group uses proprietary software to implement trading decisions that accommodate cash flow and maintain close correlation with index characteristics. Vanguard's refined indexing process, combined with low management fees and efficient trading, has provided tight tracking net of expenses.

Vanguard Equity Index Group

Launched in 1975, The Vanguard Group, Malvern, Pennsylvania, is among the world's largest equity and fixed income managers. As chief investment officer, Gregory Davis, CFA, oversees Vanguard's Equity Index, Investment Strategy, Quantitative Equity, and Fixed Income Groups. Rodney Comegys, Principal and global head of Vanguard's Equity Index Group, is responsible for all equity index funds. The Equity Index Group manages indexed equity portfolios covering U.S. and international markets. It has developed sophisticated portfolio construction methodologies and efficient trading strategies that seek to deliver returns that are highly correlated with target portfolio benchmarks. The group has advised Vanguard Small-Cap Value Index Fund since 1998.

Investment Manager Biographies

Gerard C. O'Reilly, Principal. Portfolio manager. Advised the fund since 2016. Worked in investment management since 1992. B.S., Villanova University.

Nick Birkett, CFA. Portfolio manager. Advised the fund since 2023. Worked in investment management since 2005. BSc, University of Bath.

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Small-Cap Value Index Fund							
Investor Shares (5/21/1998)	0.19%	7.08%	7.08%	23.31%	7.18%	10.46%	8.74%
Admiral Shares (9/27/2011)	0.07	7.13	7.13	23.47	7.31	10.60	8.87
Institutional Shares (12/7/1999)	0.06	7.13	7.13	23.47	7.32	10.61	8.89
Spliced Small-Cap Value Index	—	7.14	7.14	23.43	7.31	10.58	8.87

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

Note: Spliced Small-Cap Value Index: S&P SmallCap 600 Value Index (formerly known as the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Value Index through April 16, 2013; CRSP US Small Cap Value Index thereafter. Admiral class shareholders are required to maintain specific minimum balances and meet other special criteria. Institutional class shareholders are required to maintain a minimum balance of \$5 million.

Quarterly Returns: Investor Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-End		
					Small-Cap Value Index	Spliced Small-Cap Value Index	Assets (Millions)
2024	7.08%	—	—	—	—	—	\$101
2023	0.61	4.61%	-3.09%	13.60%	15.86%	15.91%	112
2022	-1.24	-14.48	-3.88	11.57	-9.43	-9.27	149
2021	16.78	5.36	-2.20	6.34	27.96	28.15	208
2020	-34.89	20.75	4.00	29.31	5.72	5.75	234
2019	13.32	1.98	-0.97	7.13	22.61	22.76	255
2018	-2.10	5.22	3.16	-17.51	-12.34	-12.27	1,501
2017	1.92	0.42	4.38	4.53	11.67	11.83	2,060
2016	3.48	3.60	5.75	9.95	24.65	24.82	2,357
2015	3.46	-1.37	-9.14	2.71	-4.78	-4.64	1,972
2014	3.40	4.73	-5.46	7.83	10.39	10.63	2,293

Quarterly Returns: Admiral Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-End		
					Small-Cap Value Index	Spliced Small-Cap Value Index	Assets (Millions)
2024	7.13%	—	—	—	—	—	\$20,438
2023	0.63	4.65%	-3.07%	13.63%	15.99%	15.91%	19,421
2022	-1.20	-14.45	-3.86	11.61	-9.31	-9.27	17,505
2021	16.81	5.41	-2.20	6.38	28.09	28.15	19,307
2020	-34.87	20.78	4.04	29.33	5.85	5.75	14,314
2019	13.36	2.00	-0.93	7.17	22.76	22.76	13,907
2018	-2.07	5.28	3.19	-17.49	-12.23	-12.27	10,167
2017	1.98	0.44	4.39	4.56	11.80	11.83	11,278
2016	3.49	3.65	5.76	9.98	24.78	24.82	9,469
2015	3.51	-1.36	-9.12	2.76	-4.65	-4.64	6,467
2014	3.45	4.76	-5.43	7.87	10.55	10.63	5,774

Quarterly Returns: Institutional Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-End		Assets (Millions)
					Small-Cap Value Index	Spliced Small-Cap Value Index	
2024	7.13%	—	—	—	—	—	\$5,985
2023	0.64	4.64%	-3.05%	13.61%	15.99%	15.91%	5,564
2022	-1.21	-14.45	-3.87	11.62	-9.31	-9.27	4,797
2021	16.78	5.41	-2.19	6.40	28.11	28.15	4,733
2020	-34.87	20.80	4.03	29.34	5.86	5.75	3,774
2019	13.38	2.02	-0.91	7.16	22.81	22.76	3,632
2018	-2.06	5.28	3.19	-17.51	-12.23	-12.27	3,077
2017	1.99	0.42	4.41	4.56	11.80	11.83	3,649
2016	3.50	3.67	5.74	10.00	24.80	24.82	2,882
2015	3.50	-1.33	-9.14	2.75	-4.67	-4.64	2,334
2014	3.45	4.80	-5.45	7.89	10.59	10.63	1,927

Fund Facts

	Investor Shares	Admiral Shares	Institutional Shares
Fund Number	0860	5860	0865
Ticker	VISVX	VSIAX	VSIIX
Newspaper Listing	SmVal	SmValAdml	SmValInst
CUSIP Number	922908793	921937686	922908785
Assets (millions) (Total \$55,506)	\$101	\$20,438	\$5,985
Inception	5/21/1998	9/27/2011	12/7/1999
Expense Ratio (as of 4/2023)	0.19%	0.07%	0.06%

Volatility Measures

	R-Squared	Beta
Spliced Small Cap Value Index	1.00	1.00
DJ US Total Stock Mkt Float Adj Idx	0.80	1.01

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.

Top 10 Largest Holdings

	% of Total Net Assets
Builders FirstSource Inc.	0.8%
Booz Allen Hamilton Holding Corp.	0.6
Reliance Inc.	0.6
Carlisle Cos. Inc.	0.6
IDEX Corp.	0.6
First Citizens BancShares Inc.	0.5
Atmos Energy Corp.	0.5
EMCOR Group Inc.	0.5
Jabil Inc.	0.5
Williams-Sonoma Inc.	0.5
Total	5.7%

The holdings listed exclude any temporary cash investments and equity index products.

Equity Characteristics

	Small-Cap Value Index	CRSP US Small Cap Value Index
Number of stocks	856	850
Median market cap	\$6.9 Billion	\$6.9 Billion
Average market cap	\$7.8 Billion	\$7.8 Billion
Price/earnings ratio	14.5x	14.5x
Price/book ratio	1.8x	1.8x
Return on equity	11.7%	11.7%
Earnings growth rate	13.1%	13.2%
Equity yield (dividend)	2.0%	2.0%
Foreign holdings	0.0%	0.0%
Short-term reserves	0.0%	—
Turnover rate (fiscal year end)	15.6%	—

Sector Diversification (% of Stocks)

	Small-Cap Value Index	CRSP US Small Cap Value Index	Overweight/ Underweight
Basic Materials	5.8%	5.8%	0.0
Consumer Discretionary	16.0	16.1	-0.1
Consumer Staples	3.0	3.0	0.0
Energy	4.8	4.8	0.0
Financials	20.2	20.1	0.1
Health Care	6.1	6.1	0.0
Industrials	24.8	24.7	0.1
Other	0.0	0.0	0.0
Real Estate	8.4	8.4	0.0
Technology	5.5	5.5	0.0
Telecommunications	1.0	1.0	0.0
Utilities	4.4	4.5	-0.1
Total	100.0%	100.0%	

Sector categories are based on the Industry Classification Benchmark system ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

Important information

For more information about Vanguard funds or Vanguard ETFs, visit [vanguard.com](https://www.vanguard.com) or call 800-523-1036 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

All investing is subject to risk, including the possible loss of the money you invest.

Please remember that all investments involve some risk. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Diversification does not ensure a profit or protect against a loss. Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.

Investments in bond funds and ETFs are subject to interest rate, credit, and inflation risk. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax.

High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings.

The Factor Funds are subject to investment style risk, which is the chance that returns from the types of stocks in which a Factor Fund invests will trail returns from U.S. stock markets. The Factor Funds are also subject to manager risk, which is the chance that poor security selection will cause a Factor Fund to underperform its relevant benchmark or other funds with a similar investment objective, and sector risk, which is the chance that significant problems will affect a particular sector in which a Factor Fund invests, or that returns from that sector will trail returns from the overall stock market.

Investments in derivatives may involve risks different from, and possibly greater than, those of investments in the underlying securities or assets.

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